

Bowmans Rail

Linking regional business
to international markets.



BOWMANS RAIL



Bowmans Rail

SAFC/ICHCA AUSTRALIA

FUTURE FREIGHT: EMBRACING CHANGE CONFERENCE

Shorthaul rail: New opportunities

What infrastructure do we need?

Scott McKay – CEO Bowmans Rail

Introduction

- Stream: What Infrastructure do the modes need?
- Topic: Short haul rail New Opportunities

Themes

- Who we are and our challenges
- The opportunities
- Policy to support short haul rail





OUR MISSION: TO PROVIDE INTEGRATED RAIL AND LOGISTICS SOLUTIONS FOR REGIONAL AUSTRALIA.



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How we differentiate



- 11km Pt Wakefield (Nearest Township)
- 13km Balaklava
- 100km Adelaide
- 152km Pt Pirie
- 310km Whyalla



More than 50
Rail services per month



Close proximity to key mineral processing and agricultural operations

- ARTC
- Genesee & Wyoming
- Brookefield Rail
- Export Terminal



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How we differentiate

- Short haul operator so < 600km
- Servicing sites that originate and consume freight
- A logistics company with rail, intermodals and strong collaboration with road
- Asset light and lease our rolling stock
- Relying on partners to support our growth and share our risks
- 3 PL approach “from when we receive the orders to placing the container on the vessel” removing complexity for our customers “from when we receive the orders to placing the container on the vessel”
- Add value beyond storage and handling and transport
- Requires design and construction, project management, funding capability
- Collaboration with infrastructure, terminal and rail operators and government.
- *Reliable, responsive, compliant AND low cost supply chains.*

Play a strong role in rail's capacity to contribute to productivity and competitiveness of supply chains.



Opportunities

- Must go to where the freight is:
 - Founded on agriculture, mining; expanding into timber and projects
 - Set up low cost terminals e.g. Bowmans, Bungala, Broken Hill etc.
 - Some expansions had strong government support
 - Satisfying funding needs as “shovel ready” limits ability to benefit
 - Our goal is to migrate freight onto rail by offering an integrated logistics road and rail solution where the unit and handling method is the differentiator:
 - Technology in containers & material handling
 - We integrate design, project management, construction and finance
 - Straddles, side loaders, trucks
 - Locomotive and wagon technology with CFCLA.



Opportunities



- Work with ARTC in exploring terminal options as nodes
- Welcome the TranNSIT (CSIRO) initiative that is mapping the constraints for agriculture
- Looking to the GlobeLink study to evaluate regional supply chains
- Our role in short haul rail to move agri, mining, industrial, and projects so:
 - Productivity dividend of rail is significant
 - Potential to reduce export and import cost
 - Social benefits in reducing congestion, maintenance, pollution, accidents
 - Import supply chains – AQIS clearance – large volumes that can then be used to support exports helping alleviate container shortages.

Opportunities

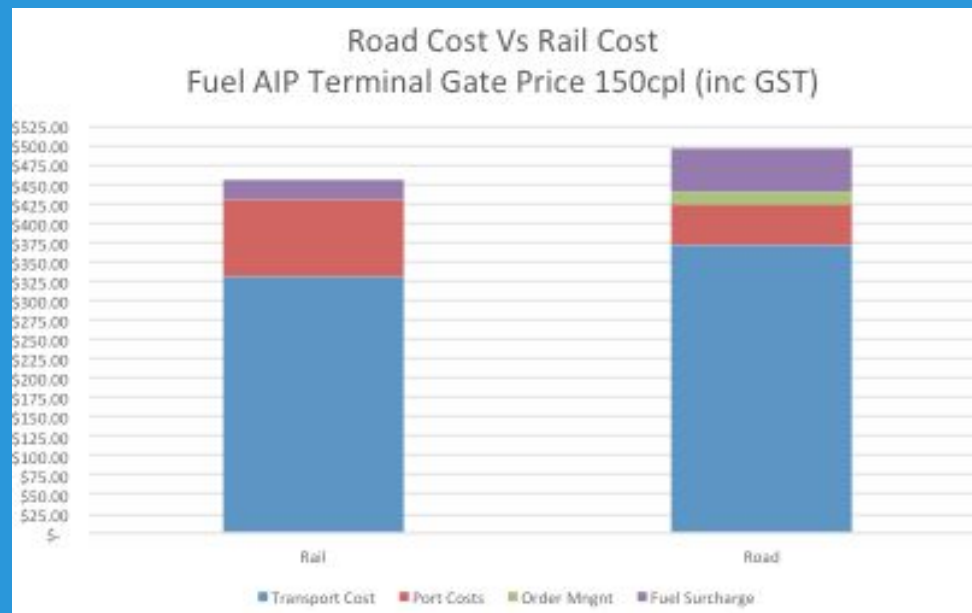


- Challenges remain:
 - Maintaining a low costs and responsiveness transport alternative in a high risk, highly regulated environment
 - Significant competition from road through:
 - investment and approvals for heavy vehicles; and
 - ongoing technology development in truck configurations
 - Port charges are materially greater for rail than road
 - Rail's favourable fuel rebate is recognised but doesn't cover the access gap.

Opportunities



- Port costs for handling trains exceed trucks:
 - \$100 a container behind road when we leave FACT
 - rely on our integrated service offering and technology that links farm or mine to markets to compete.



Opportunities



- Requires recognition of the community, social and environmental benefits that rail provides in metro, on roads and in the regions (Deloitte 2017 ARA) estimate that:
 - 1 train replaces 70 trucks
 - benefits in terms of congestion, road maintenance, accidents and CO² is 1.45c per tonne kilometreif recognised would significantly support rail in the short haul equation.
- Transferring containers to the Port Augusta Solar project the carbon emissions (CO² only) by moving containers on rail were 7 times lower than road.

Short haul rail needs support in which to develop and innovate.

Policy not infrastructure

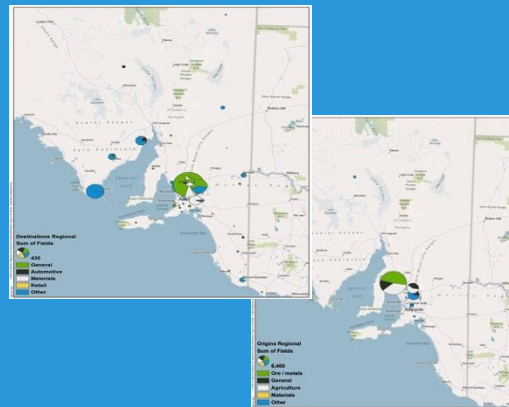


- Recognise the social, community and environmental benefits of rail
- Level of support for short haul rail and intermodals lacks consistency
- Providers are fragmented and not united
- Policy changes are required at all levels of government for integrated transport and urban planning through:
 - Recognition and identification of corridors and nodes
 - Equity in vehicle and rail pricing that considers external benefits of rail
 - Regulation to ensure:
 - ports are accountable for investing their infrastructure levies
 - preservation of key terminals
 - Safety & maintenance standards for terminals
 - National Standardisation in transport and regulations in rail
 - Constancy of purpose beyond the terms of government.

Policy not infrastructure



- Support for initiatives to capture and analyse information that allows industry and government to collaborate and support integrated planning policies
- We capture the origin and destination of import and export and domestic freight for our own BD to help us plan
- This data is available across a small number of players in the local supply chain and for a small amount of money can be captured and kept current for planning.



Consistent national and state freight policies and plans

Summary



Don't need infrastructure but strong policy leadership and constancy of purpose.

Not money, but certainty to support industries planning and decision-making.

Thank you for the opportunity to share our business story with you all today.

www.bowmansrail.com.au

smckay@bowmansrail.com.au – 0411 042 130